

the guarantee of its circulation. The effort, in other words\* to keep the bank standing a solitary monument of unimpaired credit when every other part of the credit system of the country had fallen a mass of ruins around it could not have succeeded. This was the logical meaning of the propositions of those who insisted that the Act of 1844 maintained "the convertibility of the note," so far as they had any definite meaning, and it was a proposition which was utterly chimerical.

If the limitations of the Act of 1844 have been of any value to the English people, it has probably been in driving them to the adoption of substitutes for circulating notes and to the extension of deposit banking. England was sufficiently far advanced in 1844 in the use of instruments of credit to make the restrictions of the Bank Act of much less importance than, such restrictions would have proved in a new and undeveloped country. One of the devices adopted in London for promoting the movement of capital was the Cheque Bank. Money was received by this bank on deposit, and books of checks were issued for even denominations, which might be filled in for less than the denomination but not for more. The face value of the checks issued did not exceed the depositor's credit, so that the receiver of such a check had the assurance of the bank that the depositor's account was not overdrawn. Such checks were made payable by the Cheque Bank only through some other banker and not at the counter of the bank, thereby escaping the prohibition of the law against promissory notes payable to bearer on demand. The checks passed between individuals for cash and the Cheque Bank established relations with some 1500 domestic and foreign banks which agreed to receive and cash its checks. Several railways and other companies received these checks as cash and they proved convenient for transmission through the mails.<sup>1</sup> The Cheque Bank, therefore, put in operation a sort of emergency currency, outside the law, if not in violation of law, which has been resorted

<sup>1</sup> MacLeod, *Theory and Practice of Banking*^ II, 374-75.